

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 03476 272153Z

16

ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 SAM-01 OES-06

SP-02 SS-15 STR-04 TRSE-00 ACDA-10 FEA-01 /117 W

----- 022547

R 272134Z AUG 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 882

UNCLAS OTTAWA 3476

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: CANADIAN GOVERNMENT ESTABLISHED PENALTIES TO ENSURE
SARNIA PIPELINE USE

1. AUGUST 25 CANADIAN DOW JONES NEWS REPORT STATES THAT
GOC HAS MODIFIED REGULATIONS UNDER PETROLEUM ADMINISTRATION
ACT ENABLING GOVERNMENT TO CUT OFF IMPORTED OIL COMPENSA-
TION PAYMENTS FOR MONTREAL REFINERIES WHICH REFUSE TO USE
THEIR SHARE OF DOMESTIC CRUDE OIL.

2. PENALTIES, ACCORDING TO ARTICLE, ARE INTENDED TO ENSURE
THAT THE SARNIA-TO-MONTREAL CRUDE OIL PIPELINE WILL BE
USED EQUITABLY BY ALL THE MAJOR REFINERIES. (NOTE: UNDER
THE NEW REGULATIONS, A REFINERY MUST TAKE THE SAME PRO-
PORTION OF WESTERN CRUDE FROM TOTAL OF 17,500,000 BARRELS
AVAILABLE DURING MID-JUNE TO MID-NOVEMBER 1976 AS IT TOOK
FROM ALL SOURCES IN CALENDAR YEAR 1975.) WHILE GOC DOESN'T
EXPECT PENALTIES WILL EVER HAVE TO BE USED, GOVERNMENT AND
MANY OIL COMPANIES BELIEVE REGULATION IS NECESSARY
DETERRENT. GOVERNMENT BELIEVES NO OIL COMPANY
OPERATING IN MONTREAL INCLUDING FOREIGN-CONTROLLED
MAJORS COULD AFFORD TO HAVE THE \$3.30 PER BARREL
SUBSIDY ON IMPORTED CRUDE OIL CUT OFF.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 03476 272153Z

3. COMMENT. NEW REGULATION ENABLES GOC TO ASSURE THAT ALL MONTREAL REFINERS WILL SHARE THRUPUT OF SARNIA PIPELINE. LACKING THIS SANCTION, SOME REFINERS WHOSE PLANTS ARE PRESENTLY RIGGED TO PROCESS FOREIGN CRUDES MORE EFFICIENTLY THAN DOMESTIC CRUDES WOULD HAVE AN ECONOMIC INCENTIVE TO CONTINUE DOING SO. THE ALTERNATIVE POLICY OPTION FOR GOC WOULD HAVE BEEN IMPORT LICENSING TO RESTRICT USE OF FOREIGN CRUDES. NEW MEASURE ALSO CREATES LEGALLY SANCTIONED FORCE MAJEURE EXIT FROM EXISTING CRUDE OIL IMPORT CONTRACTS, THUS PROTECTING INTEREST OF GOC AND CANADIAN-BASED SUBSIDIARIES OF MAJOR OIL FIRMS IN MAINTAINING LEGAL INTEGRITY OF CONTRACTS WITH MULTI-NATIONAL PARENT FIRMS TO SUPPLY FOREIGN CRUDE TO CANADIAN REFINERIES.
DUEMLING

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REGULATIONS, COMPENSATION, REFINERIES, PETROLEUM PIPELINES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA03476
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760328-0810
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760812/aaaaakbo.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: harterdg
Review Comment: n/a
Review Content Flags:
Review Date: 11 JAN 2005
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by ReddocGW>; RELEASED <11 JAN 2005 by harterdg>; APPROVED <14 JAN 2005 by harterdg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN GOVERNMENT ESTABLISHED PENALTIES TO ENSURE SARNIA PIPELINE USE
TAGS: ENRG, CA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006